

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2507 - HB 2750**

March 6, 2022

**SUMMARY OF BILL:** Requires youth development centers and jails to reduce the cost of telephone services to inmates in effect on July 1, 2022, by 50 percent by July 1, 2025. Requires correctional facilities to reduce the cost of telephone services to inmates in effect on July 1, 2022, by 50 percent by July 1, 2027.

**FISCAL IMPACT:**

**Increase State Expenditures – \$2,769,000/FY27-28 and Subsequent Years**

**Increase Local Expenditures – Exceeds \$25,000/FY25-26 and Subsequent Years\***

Assumptions:

- Based on information provided by the Department of Children's Services (DCS), the Department currently provides youth at development centers five 30-minute phone calls per week at no charge; therefore, any fiscal impact to DCS resulting from the proposed legislation is estimated to be not significant.
- Based on information provided by the Department of Correction (DOC), the Department has a revenue generating contract for telephone services provided to offenders in DOC facilities and relies on such commissions as part of their administrative budget.
- The current telephone rate is \$0.11 per minute.
- The proposed legislation will require such rate be reduced to \$0.055 ( $\$0.11 \times 50.0\%$ ) by July 1, 2027.
- According to DOC, the projected revenue from telephone calls in FY22-23 is estimated to be \$7,692,000. DOC will receive an estimated 72 percent or \$5,538,000 ( $\$7,692,000 \times 72.0\%$ ) of such revenue as commission from this contract.
- Reducing the telephone rate to \$.055 per minute will result in a decrease in telephone services revenue generated, estimated to be \$3,846,000 ( $\$7,692,000 \times 50.0\%$ ), and a decrease in DOC commissions, estimated to be \$2,769,000 ( $\$3,846,000 \times 72.0\%$ ).
- The total recurring increase in state expenditures is estimated to be \$2,769,000 ( $\$5,538,000 - \$2,769,000$ ) in FY27-28 and subsequent years to offset the decrease in revenue to DOC as a result of the proposed legislation.
- This analysis assumes that most local jails enter into contracts to provide services for placing calls and charge inmates for phone services.
- Requiring local jails to reduce the cost of telephone services to inmates will require local jails to procure new service contracts for such services.

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- The precise fiscal impact to local jails resulting from the proposed legislation is unknown; however, it is reasonable to estimate that requiring local jails to reduce the cost of telephone services for inmates by 50 percent by July 1, 2025 will result in a recurring mandatory increase in local expenditures in FY25-26 and subsequent years estimated to exceed \$25,000 statewide.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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